



HAMPTON ROADS TRANSIT

June 28, 2013

The Hon. John McGlennon, Chairman
Transit Service Delivery Advisory Committee
c/o Virginia Department of Rail and Public Transportation
600 East Main Street
Richmond, VA 23219

Dear Chairman McGlennon:

Thank you and your colleagues for the work of the Transit Service Delivery Advisory Committee (TSDAC) to develop recommendations on how new statewide transit funding should be allocated. On behalf of the Transportation District Commission of Hampton Roads (TDCHR), which provides public transportation services in six of Virginia's ten largest cities, we ask that you please incorporate the following comments in your deliberations.

Based on VDRPT's "Study of Transit-Related Issues in the Commonwealth" (October 2012), we recommend no less than four metrics be used which are common, verifiable and logically linked to efficiency and effectiveness criteria. These metrics are: **Net Cost per Revenue Hour, Net Cost per Revenue Mile, Customers per Revenue Hour, and Customers per Revenue Mile.**

We further recommend a **5% cap on gains and on losses** for all systems in overall funding and for any funding by metric, as well as the **comprehensive annual use of 3-year rolling averages** throughout the new allocation methodology.

These measures are key to maintaining funding and operational stability that is essential for agencies and localities to sustainably plan and deliver effective and efficient services.

We also urge that you **carefully review sizing and weighting factors beyond a simple ratio of ridership and cost.** The TSDAC should consider modifying a hybrid 50/50 cost-passenger ratio with other factors in order to account for significant characteristics that make each agency and service area unique and therefore impacts performance.

Major factors that could be used to calculate an index score to modify a simple cost-passenger ratio include, for example, population, true property value, adjusted gross income, and taxable retail sales. Another option would be to use a ratio of operating cost to operating overhead, then modify this by population density, total miles and total hours. This would result in an index score that could be applied to a simple cost-



HAMPTON ROADS TRANSIT

passenger ratio for more equitable sizing and weighting that takes into account unique local characteristics.

Local governments served by the TDCHR are also sharing these concerns, and we thank you for your favorable consideration to incorporate them in your deliberations and recommendations.

Sincerely,

The Hon. Rick West,
Chairman

<i>Concern</i>	<i>Recommendation</i>
Stability	5% cap on year-over-year gains and losses
Stability	3-year rolling averages applied to all indexes, agency metrics, weighting scores, allocations
Simple, common robust metrics related to efficiency and effectiveness	Total of 4 or more measures: <ul style="list-style-type: none">➤ Net Cost per revenue hour➤ Net Cost per revenue mile➤ Customers per revenue hour➤ Customers per revenue mile
Equitable sizing and weighting	Modify simple hybrid 50/50 cost/passenger ratio with factors to account for unique service areas (population, access to non-state funding, etc). Potential use of: <ul style="list-style-type: none">➤ Indexing factor based on population, AGI, taxable retail sales, and property value.➤ Operating Cost to Operating Overhead Ratio modified by population density, total miles and total hours
Focus on Efficiency	Use of Net Cost (not Gross Cost)
Focus on Efficiency	Model 9 is preferred because it uses Net Cost
Funding by Metric	Model 9 is preferred because it distributes funds across at least 4 metrics
Mode Split for Rail	TBD – 3 totally unique rail systems (Tide, VRE, Metro) requires unique metrics and allocation methods compared to bus mode

Copy: Members, TSDAC
Commissioners, TDCHR